

SEVIER COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2006

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	18
STATEMENT OF ACTIVITIES	19
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	20
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS	21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	22
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	23
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS	24
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS	25
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	26
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND	27
NOTES TO FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	58
BUDGETARY COMPARISON SCHEDULES:	
GENERAL FUND	59
AMBULANCE	63
PUBLIC HEALTH	64
CLASS B ROAD	65
MUNICIPAL BUILDING AUTHORITY	66

C O N T E N T S

	Page
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND	68
NONMAJOR GOVERNMENTAL FUNDS	69
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	70
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	71
SCHEDULES:	
COUNTY TREASURER:	
TREASURER'S TAX COLLECTION AGENCY FUND - BALANCE SHEET	72
CURRENT YEAR TAXABLE VALUES	73
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED CURRENT AND PRIOR YEARS	75
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TAX COLLECTION AGENCY FUND	77
COMPLIANCE SECTION:	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	80
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	84
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	85
SCHEDULE OF PRIOR AUDIT FINDINGS	90
AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE	91
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND CONVENTION FACILITIES TAX EXPENDITURES	93

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sevier County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County as of December 31, 2006, respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2007, on our consideration of Sevier County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison schedules on pages 6 through 16, 57 and 58 through 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Board of County Commissioners
Sevier County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Sevier County. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2007
Richfield, Utah

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Sevier County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements. All amounts, unless otherwise indicated, are expressed in **thousands of dollars**.

The purpose of the County is to provide general services to its residents and includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- ◆ The assets of Sevier County exceeded its liabilities as of the close of the most recent year by \$45,009 (*net assets*). Of this amount, \$16,340 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$4,658. The revenues were less than the adopted budget and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Sevier County governmental funds reported combined ending fund balances of \$18,550 an increase of \$4,304 in comparison with the prior year. Approximately 83 percent of this total amount, \$15,257 is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$4,788, or 65 percent of total general fund expenditures.
- ◆ Sevier County's total debt increased by \$2,122.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sevier County's basic financial statements. Sevier County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Sevier County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Sevier County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sevier County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sevier County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sevier County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activity of Sevier County is the landfill operation.

The government-wide financial statements include not only Sevier County itself (known as the primary government), but also one legally separate special service district, for highways and bridges, for which Sevier County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Landfill operations, for all practical purposes, function as a department of Sevier County and, therefore, has been included as an integral part of the primary government.

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sevier County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sevier County can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sevier County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

public health fund, ambulance fund, B-Road fund, Municipal Building Authority, and capital projects fund all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Sevier County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Sevier County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Sevier County uses an enterprise fund to account for its landfill operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the landfill, which is considered to be a major fund of Sevier County.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Sevier County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sevier County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sevier County, assets exceeded liabilities by \$45,009 at the close of the most recent fiscal year.

The largest portion of Sevier County's net assets (63 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sevier County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sevier County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Sevier County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	19,092	14,782	1,667	1,440	20,759	16,222
Capital assets	40,186	37,717	506	653	40,692	38,370
Total assets	59,277	52,499	2,173	2,093	61,451	54,592
Long-term Liabilities outstanding	13,987	11,886	836	895	14,823	12,781
Other liabilities	1,499	1,336	120	124	1,619	1,460
Total liabilities	15,486	13,222	956	1,019	16,442	15,356
Net Assets:						
Invested in capital assets, net of related debt	25,671	25,031	(389)	(316))	25,282	24,714
Restricted	3,293	2,850	93	89	3,386	2,939
Unrestricted	14,827	11,397	1,513	1,301	16,340	12,698
Total net assets	43,791	39,277	1,217	1,074	45,008	40,351

A portion of Sevier County's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$16,340) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sevier County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Governmental activities

Governmental activities increased Sevier County's net assets by \$4,514. Key elements of this increase are as follows:

Sevier County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program Revenues:						
Charges for services	5,554	4,551	604	601	6,158	5,152
Operating grants and contributions	7,872	5,069			8,308	5,069
General revenues:						
Property taxes	3,374	3,143			3,374	3,143
Other taxes	2,091	1,897			2,091	1,897
Grants and contributions not restricted to specific programs	1,015	995			1,015	995
Gain (Loss) on sale of fixed assets	(209)	(69)			(209)	(69)
Unrestricted investment earnings	816	423	72	42	888	465
Other	0	0			0	0
Total revenues	<u>20,487</u>	<u>16,009</u>	<u>676</u>	<u>603</u>	<u>16,652</u>	<u>16,652</u>
Expenses:						
General government	3,126	3,005			3,126	3,005
Public safety	5,170	4,764			5,170	4,764
Public health	5,125	4,867			5,561	4,867
Highways and public improvements	1,583	1,241			1,583	1,241
Parks and Recreation	385	3607			385	360
Economic Development	109	73			109	73
Interest on long-term debt	475	452		24	475	476
Landfill			558	576	558	576
Total expenses	<u>15,973</u>	<u>14,762</u>	<u>558</u>	<u>600</u>	<u>15,362</u>	<u>15,362</u>
Increase in net assets before transfers	4,540	1,247	118	43	4,658	1,290
Transfers	(25)	(25)	25	25		
Increase in net assets	4,514	1,222	143	68	4,658	1,290
Net assets - beginning	<u>39,277</u>	<u>38,054</u>	<u>1,074</u>	<u>1,006</u>	<u>40,351</u>	<u>39,060</u>
Net assets - ending	<u>43,791</u>	<u>39,277</u>	<u>1,217</u>	<u>1,074</u>	<u>45,008</u>	<u>40,351</u>

For the most part, overall revenues remained constant.

Business-type activities

Business-type activities remained fairly constant resulting in an increase of net assets for the year.

Financial Analysis of the Government's Funds

As noted earlier, Sevier County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Sevier County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Sevier County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Sevier County's governmental funds reported combined ending fund balances of \$18,550 an increase of \$4,304 in comparison with the prior year. Approximately 83 percent of this amount (\$15,257) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements (\$2,683), 2) to drug enforcement (\$253), 3) health building (\$12) and 4) bond reserves (\$346).

The general fund is the chief operating fund of Sevier County. At the end of the current year, unreserved fund balance of the general fund was \$4,788, while total fund balance reached \$5,068. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 65 percent of total general fund expenditures, while total fund balance represents 69 percent of that same amount.

Proprietary funds

Sevier County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the landfill at the end of the year amounted to \$1,513.

General Fund Budgetary Highlights

The original budget and the final amended budget stayed approximately the same.

Capital Asset and Debt Administration

Capital assets

Sevier County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$40,186 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways and bridges. The total decrease in Sevier County's investment in capital assets for the current year was \$389.

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Sevier County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	1,674	1,584			1,674	1,584
Infrastructure	24,029	24,029			24,029	24,029
Buildings	9,393	9,663	214	233	9,607	9,896
Improvements other than buildings	689	715	210	235	899	950
Equipment	1,725	1,726	82	186	1,807	1,912
Construction in Progress	2,676				2,676	
Total	<u>40,186</u>	<u>37,717</u>	<u>506</u>	<u>654</u>	<u>40,692</u>	<u>38,371</u>

Additional information on Sevier County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Sevier County had total bonded debt outstanding of \$15,240. The debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources (i.e. revenue bonds).

Sevier County's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue Bonds	7,748	5,215	895	953	8,643	6,168
G. O. Bonds	6,597	6,904			6,597	6,904
Total	<u>14,345</u>	<u>12,119</u>	<u>895</u>	<u>953</u>	<u>15,240</u>	<u>13,072</u>

In 2005 Sevier County issued \$3,715 of Lease Revenue Refunding Bonds to refund \$3,748 of the 1995 USDA Rural Development Revenue Bonds issued in the amount of \$4,400. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column in the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$33. The advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$451 and resulted in the economic gain of \$297.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the county. The current debt limitation for Sevier County is \$19,876. Sevier County has general obligation debt of \$7,196.

Additional information on Sevier County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- ◆ The unemployment rate for Sevier County is 5.4 percent, which is a slight increase from a rate of 5.1 percent a year ago. This is higher than the state's average unemployment rate of 5.3 percent and lower than the national average rate of 5.6 percent.
- ◆ The value of new residential construction increased by approximately 22 percent. Non-residential construction increased by approximately 395 percent indicating an acceleration in our economic activity.

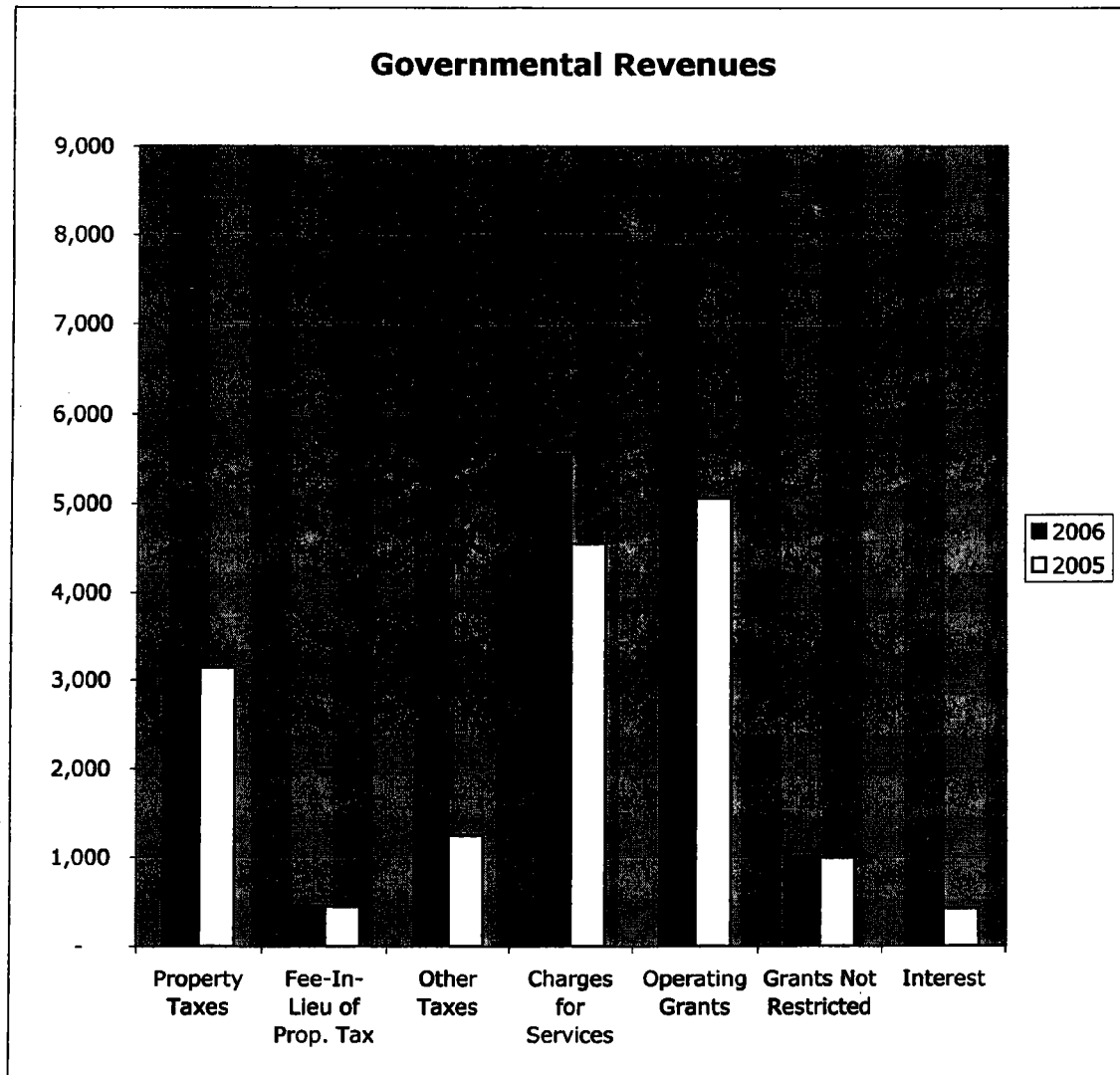
All of these factors were considered in preparing Sevier County's budget for the 2007 year.

Requests for Information

This financial report is designed to provide a general overview of Sevier County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sevier County Clerk/Auditor, 250 North Main, Richfield, Utah, 84701.

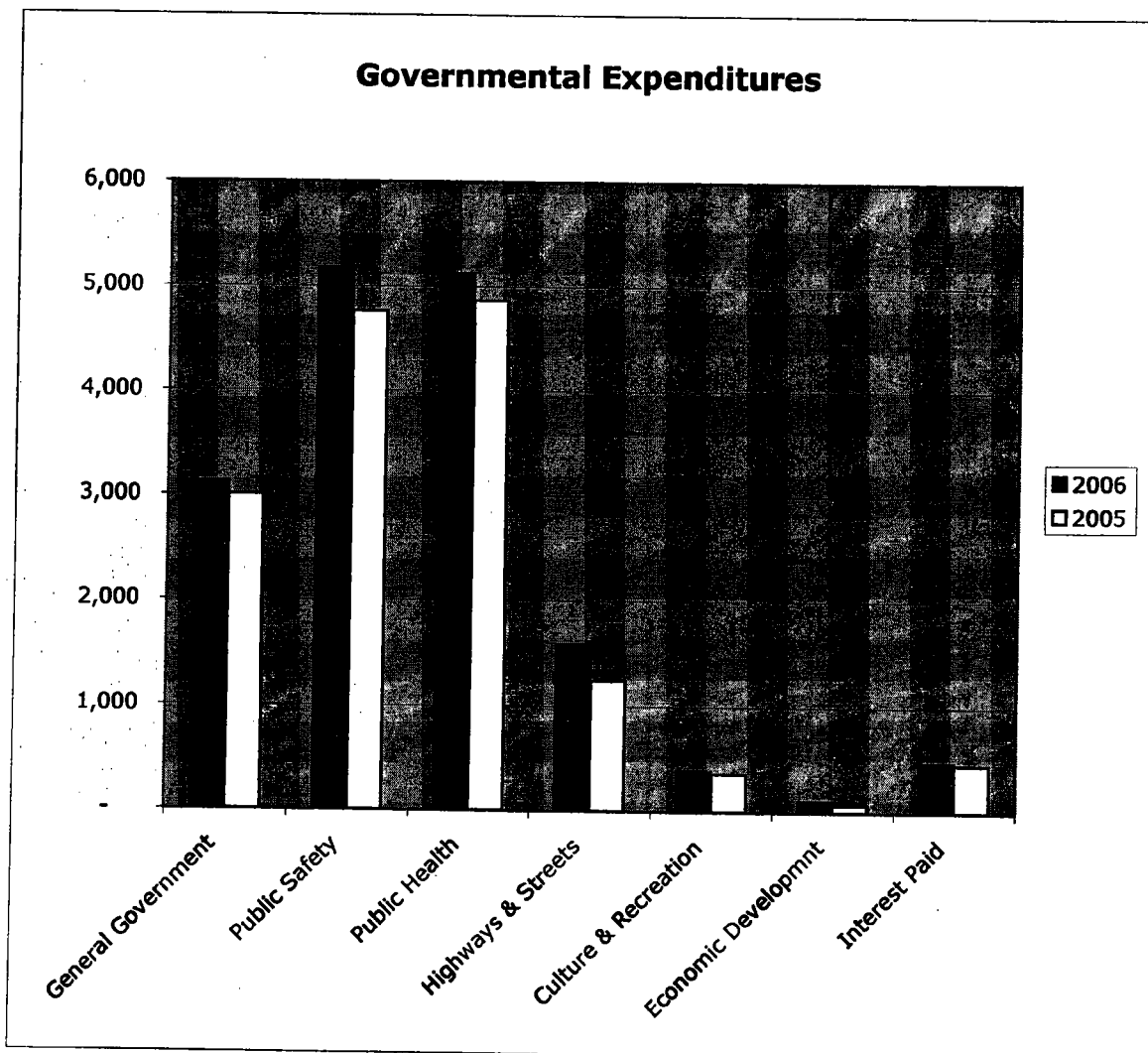
SEVIER COUNTY
Governmental Revenues
For The Years Ending December 31, 2006 and 2005

	2006	2005
Property Taxes	3,374	3,143
Fee-In-Lieu of Prop. Tax	460	450
Other Taxes	1,631	1,248
Charges for Services	5,554	4,551
Operating Grants	7,872	5,069
Grants Not Restricted	1,014	995
Interest	816	423
Loss on sale of assets	(209)	(69)
Transfers	(25)	
Total Revenues	20,487	15,810



SEVIER COUNTY
Governmental Expenditures
For The Years Ending December 31, 2006 and 2005

	2006	2005
General Government	3,126	3,005
Public Safety	5,170	4,764
Public Health	5,125	4,867
Highways & Streets	1,583	1,241
Culture & Recreation	385	360
Economic Developmnt	109	73
Interest Paid	475	452
Total Expenditures	15,973	14,762



BASIC FINANCIAL STATEMENTS

**SEVIER COUNTY
STATEMENT OF NET ASSETS**

December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
		Total	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	14,222,083	15,796,425	2,030,171
Accounts Receivable (Net)	764,548	764,548	8,464
Due From Other Government Units	674,702	674,702	-
Bond Issuance Costs	136,273	136,273	-
Total Current Assets	15,797,606	17,371,948	2,038,635
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	3,293,539	3,386,573	-
Capital Assets (Net of Accumulated Depreciation)	40,185,968	40,692,007	-
Total Noncurrent Assets	43,479,507	44,078,580	-
TOTAL ASSETS	59,277,113	61,450,528	2,038,635
LIABILITIES			
Current Liabilities:			
Accounts Payable	323,715	323,715	186,984
Accrued Liabilities	80,908	126,908	-
Bond Issuance Premium	165,059	165,059	-
Bond Interest Payable	199,500	214,500	-
Lease Obligations Payable - Due Within One Year	45,691	45,691	-
G. O. Bonds Payable - Due Within One Year	319,000	319,000	-
Revenue Bonds Payable - Due Within One Year	364,700	423,700	-
Total Current Liabilities	1,498,573	1,618,573	186,984
Noncurrent Liabilities:			
Lease Obligations Payable - More Than One Year	95,604	95,604	-
G. O. Bonds Payable - More Than One Year	6,278,000	6,278,000	-
Revenue Bonds Payable - More Than One Year	7,383,200	8,219,200	-
Compensated Absences	230,600	230,600	-
Total Noncurrent Liabilities	13,987,404	14,823,404	-
TOTAL LIABILITIES	15,485,977	16,441,977	186,984
NET ASSETS			
Investment in Capital Assets, Net of Debt	25,670,987	(388,961)	-
Restricted For:			
Landfill Postclosure Costs	-	93,034	-
Bond Reserves	345,651	345,651	-
Class B Roads	2,683,102	2,683,102	84,051
Health Building	11,724	11,724	-
Drug Enforcement	253,062	253,062	-
Unrestricted	14,826,610	16,339,952	1,767,600
TOTAL NET ASSETS	43,791,136	45,008,551	1,851,651
TOTAL LIABILITIES AND NET ASSETS	59,277,113	61,450,528	2,038,635

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2006

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Oper. Grants/ Contributions		Primary Government		Component Units
			Capital Grants/ Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	3,126,036	1,538,827	867,250	-	(719,959)	(719,959)	-
Public Safety	5,170,023	2,347,944	378,867	-	(2,443,212)	(2,443,212)	-
Public Health	5,125,862	1,568,414	3,435,769	-	(121,679)	(121,679)	-
Highways and Public Improvements	1,582,867	798	1,085,686	-	(496,383)	(496,383)	-
Park and Recreation	385,022	97,738	2,035,762	-	1,748,478	1,748,478	-
Economic Development	108,731	-	69,308	-	(39,423)	(39,423)	-
Interest on Long-Term Debt	474,899	-	-	-	(474,899)	(474,899)	-
Total Governmental Activities	15,973,440	5,553,721	7,872,642	-	(2,547,077)	(2,547,077)	-
Business-Type Activities:							
Landfill	557,538	604,176	-	-	-	46,638	-
Total Primary Government	16,530,978	6,157,897	7,872,642	-	(2,547,077)	(2,500,439)	-
Component Units:							
Road District	3,769,981	72,686	4,700,610	-	-	-	1,003,315
Total Component Units	3,769,981	72,686	4,700,610	-	-	-	1,003,315
General Revenues:							
Property Taxes					3,373,778	-	-
Fee-In-Lieu of Property Taxes					459,815	-	-
Transient Room tax					237,981	-	-
Restaurant Taxes					176,931	-	-
Sales Taxes					1,216,485	-	-
Grants and Contributions Not Restricted to Specific Programs					1,014,575	-	-
Loss on Sale and Transfer of Fixed Assets					(208,932)	-	-
Unrestricted Investment Earnings					815,971	71,635	75,251
Transfers					(25,000)	25,000	-
Total General Revenues and Transfers					7,061,604	96,635	75,251
Change in Net Assets					4,514,527	143,273	1,078,566
Net Assets - Beginning					39,276,609	1,074,142	773,085
Net Assets - Ending					43,791,136	1,217,415	1,851,651

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

ASSETS	General Fund	Ambulance	Public Health	Class B Roads	Municipal Building Authority	Capital Project	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	5,099,060	1,022,770	717,331	2,320,841	2,707,382	1,993,239	3,654,999	17,515,622
Accounts Receivable (Net)	256,325	400,000	-	108,223	-	-	-	764,548
Due From Other Government Units	8,159	-	265,241	254,038	-	-	147,264	674,702
TOTAL ASSETS	5,363,544	1,422,770	982,572	2,683,102	2,707,382	1,993,239	3,802,263	18,954,872
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	220,026	-	-	-	103,689	-	-	323,715
Accrued Liabilities	75,734	-	5,152	-	-	-	22	80,908
Total Liabilities	295,760	-	5,152	-	103,689	-	22	404,623
Fund Balances:								
Reserved For:								
Class "B" Road	-	-	-	2,683,102	-	-	-	2,683,102
Bond Reserves	15,000	-	-	-	330,651	-	-	345,651
Health Building	11,724	-	-	-	-	-	-	11,724
Drug Enforcement	253,062	-	-	-	-	-	-	253,062
Unreserved, Reported In:								
General Fund	4,787,998	-	-	-	-	-	-	4,787,998
Special Revenue Funds	-	1,422,770	977,420	-	2,273,042	-	3,703,032	8,376,264
Debt Service Fund	-	-	-	-	-	-	99,209	99,209
Capital Project Fund	-	-	-	-	-	1,993,239	-	1,993,239
Total Fund Balance	5,067,784	1,422,770	977,420	2,683,102	2,603,693	1,993,239	3,802,241	18,550,249
TOTAL LIABILITIES AND FUND BALANCE	5,363,544	1,422,770	982,572	2,683,102	2,707,382	1,993,239	3,802,263	18,954,872

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

December 31, 2006

Total Fund Balances - Governmental Fund Types	18,550,249
---	------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	1,674,355	
Buildings	9,392,593	
Improvements	688,978	
Equipment	1,724,501	
Infrastructure	24,029,082	
Work In Progress	<u>2,676,459</u>	
Total - Net of Depreciation		40,185,968

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

G. O. Bonds Payable	(6,597,000)	
Revenue Bonds Payable	(7,747,900)	
Lease Obligations Payable	(141,295)	
Bond Interest Payable	(199,500)	
Bond Issuance Costs	136,273	
Bond Issuance Premium	(165,059)	
Compensated Absences	<u>(230,600)</u>	
Total		<u>(14,945,081)</u>

Net Assets of Government Activities	<u>43,791,136</u>
-------------------------------------	-------------------

SEVIER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

	General Fund	Ambulance	Public Health	Class B Roads	Municipal Building Authority	Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	3,853,714	-	-	-	-	-	1,611,276	5,464,990
Licenses and Permits	225,815	-	-	-	-	-	-	225,815
Intergovernmental	1,356,375	14,148	3,408,396	1,085,686	700,000	167,250	2,155,362	8,887,217
Charges for Services	1,672,050	651,094	913,709	-	-	-	630,206	3,867,059
Fines and Forfeitures	567,955	-	-	-	-	-	128,413	696,368
Interest	241,408	52,131	34,709	104,589	170,690	106,879	96,878	807,284
Miscellaneous	481,757	105	3,506	798	259,040	-	19,273	764,479
Total Revenues	8,399,074	717,478	4,360,320	1,191,073	1,129,730	274,129	4,641,408	20,713,212
Expenditures:								
Current:								
General Government	1,840,002	-	-	-	-	287,552	918,381	3,045,935
Public Safety	4,394,134	-	-	-	22,852	-	286,555	4,703,541
Public Health	178,476	414,279	4,318,215	-	-	-	20,000	4,930,970
Highways and Public Improvements	140,217	-	-	467,940	-	-	758,432	1,366,589
Parks and Recreation	363,288	-	-	-	-	-	-	363,288
Economic Development	106,214	-	-	-	-	-	-	106,214
Debt Service:								
Principal	44,338	-	14,000	-	252,700	-	307,000	618,038
Interest	-	-	-	-	134,494	-	286,233	420,727
Capital Outlay	371,076	170,670	-	320,430	2,676,460	90,224	-	3,628,860
Total Expenditures	7,437,745	584,949	4,332,215	788,370	3,086,506	377,776	2,576,601	19,184,162
Excess Revenues Over (Under) Expenditures	961,329	132,529	28,105	402,703	(1,956,776)	(103,647)	2,064,807	1,529,050
Other Financing Sources (Uses):								
Transfers In	147,800	-	-	-	323,000	-	138,220	609,020
Transfers Out	(429,020)	(120,000)	-	-	-	(85,000)	-	(634,020)
Bond Proceeds	-	-	-	-	2,800,000	-	-	2,800,000
Total Other Financing	(281,220)	(120,000)	-	-	3,123,000	(85,000)	138,220	2,775,000
Net Change In Fund Balance	680,109	12,529	28,105	402,703	1,166,224	(188,647)	2,203,027	4,304,050
Fund Balance - Beginning	4,387,675	1,410,241	949,315	2,280,399	1,437,469	2,181,886	1,599,214	14,246,199
Fund Balance - Ending	5,067,784	1,422,770	977,420	2,683,102	2,603,693	1,993,239	3,802,241	18,550,249

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	4,304,050
---	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	3,628,859	
Depreciation	<u>(951,404)</u>	
Total		2,677,455

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets:

Loss on Sale and Trade of Fixed Assets	(208,931)
--	-----------

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments on Bonds	573,700	
Lease Obligation Payments	44,338	
Bond Issuance Costs Amortized	(7,172)	
Amortization of Bond Premium	8,687	
Lease Revenue Bonds Issued	<u>(2,800,000)</u>	
Total		(2,180,447)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Bond Interest Payable	(47,000)	
Compensated Absences	<u>(30,600)</u>	
Total		<u>(77,600)</u>

Changes In Net Assets of Governmental Activities	<u><u>4,514,527</u></u>
--	-------------------------

**SEVIER COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

December 31, 2006

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Landfill</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	<u>1,574,342</u>
Total Current Assets	<u>1,574,342</u>
Noncurrent Assets:	
Investments - Restricted:	
Landfill Postclosure	93,034
Capital Assets (Net of Accumulated Depreciation)	<u>506,039</u>
Total Noncurrent Assets	<u>599,073</u>
TOTAL ASSETS	<u><u>2,173,415</u></u>
LIABILITIES:	
Current Liabilities:	
Accrued Liabilities - Postclosure	46,000
Bond Interest Payable	15,000
Bonds Payable - Current Portion	<u>59,000</u>
Total Current Liabilities	<u>120,000</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>836,000</u>
TOTAL LIABILITIES	<u>956,000</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	(388,961)
Restricted for Landfill Postclosure	93,034
Unrestricted	<u>1,513,342</u>
TOTAL NET ASSETS	<u>1,217,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,173,415</u></u>

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

December 31, 2006

	Business-Type Activity Enterprise Fund
	<u>Landfill</u>
Operating Revenues:	
Charges for Sales and Services:	
Landfill Fees	<u>604,176</u>
Operating Expenses:	
Costs of Sales and Services	387,641
Depreciation	<u>147,072</u>
Total Operating Expenses	<u>534,713</u>
Operating Income	<u>69,463</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	71,635
Interest Expense	<u>(22,825)</u>
Total Nonoperating Revenues (Expenses)	<u>48,810</u>
Income Before Transfers	118,273
Transfers In	<u>25,000</u>
Change in Net Assets	143,273
Total Net Assets - Beginning	<u>1,074,142</u>
Total Net Assets - Ending	<u><u>1,217,415</u></u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

December 31, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Landfill</u>
Cash Flows From Operating Activities:	
Receipts From Customers	604,176
Payments to Suppliers	(226,373)
Payments to Employees	(165,303)
	<u>212,500</u>
Net Cash Provided by Operating Activities	<u>212,500</u>
Cash Flows from Noncapital Financing Activities:	
Transfer From Other Funds	25,000
	<u>25,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>25,000</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(58,000)
Interest Paid on Capital Debt	(23,825)
	<u>(81,825)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(81,825)</u>
Cash Flows from Investing Activities:	
Interest Received	71,635
	<u>71,635</u>
Net Cash Provided (Used) by Investing Activities	<u>71,635</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>227,310</u>
Cash and Cash Equivalents - Beginning	<u>1,440,066</u>
Cash and Cash Equivalents - Ending	<u><u>1,667,376</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	69,463
Adjustments to Reconcile Operating Income to Net Cash Provided Provided (Used) By Operating Activities:	
Depreciation	147,072
Increase (Decrease) in Operating Assets:	
Accrued Liabilities	6,000
Bond Interest Payable	(10,035)
	<u>143,037</u>
Total Adjustments	<u>143,037</u>
Net Cash Provided (Used) by Operating Activities	<u><u>212,500</u></u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

December 31, 2006

ASSETS:

Cash and Investments	450,767
Taxes Receivable	<u>260,883</u>
 TOTAL ASSETS	 <u><u>711,650</u></u>

LIABILITIES:

Collections Payable	83,571
Due to Taxing Units	<u>628,079</u>
 TOTAL LIABILITIES	 <u><u>711,650</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Sevier County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity

For financial reporting purposes, Sevier County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Sevier County (the primary government) and its component unit. The component unit is included in the County's reporting entity because of the significance of its operational or financial relationships with the County. Complete financial statements of the individual component unit, that issued separate financial statements, can be obtained from the Sevier County Auditor's office.

Blended Component Unit:

On March 5, 1992, the County established by resolution a building authority for the purpose of, but not limited to, acquiring, leasing, constructing, furnishing, maintaining or operating a jail building and related facilities, and to acquire or lease land required for or related to these purposes. The governing board of the Building Authority is the County Commission. The Building Authority is accounted for in a special revenue fund.

Discrete Component Unit:

This component unit is an entity which is legally separate from the County, but is financially accountable to the County or whose relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the district. This district was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component unit column of the combined financial statements includes the financial data of the following entity:

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * Sevier County Special Service District #1 (Governmental Fund Type) - This special service district was organized under the State of Utah's Statute for Special Service Districts, by the adoption of a resolution to establish a special service district by the Sevier County Commissioners on February 20, 1989 for the purpose of improving the County road system in Sevier County. The special service district's administrative Control Board consists of three (3) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial one member to serve a two year term and the remaining two members to serve four year terms. The board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. A copy of the annual report can be obtained at the Sevier County Auditor's office, Richfield, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Sevier County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ambulance Fund receives funding from ambulance fees charged to ambulance users and expends the monies on appropriate ambulance expenditures.

The Public Health Fund administers the public health programs in the six county area. Their revenues and expenditures are restricted to those purposes.

The Class B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Municipal Building Authority accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Government also reports the following Other Governmental Funds:

Recreational Facility Tax, Narcotics Task Force, E-911, Assessing and Collecting, Transient Room Tax, South Central T.V. and Debt Service. These funds account for revenue sources that are restricted to expenditures for specific purposes.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Landfill Fund accounts for the activities of the County Landfill operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally the Government reports the following fund type:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Public Health:

It is the Public Health's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

Other County Employees:

It is the County's policy to permit employees to accumulate earned but unused vacation, holiday and comp time benefits. All compensated absences are accrued when incurred in the government-wide financial statements.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes:

Property taxes are assessed and collected for the County by Beaver County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except the deferred compensation trust fund. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year-end the carrying amount of the County's deposits was \$718,695 and the bank balance was \$785,085. Of the bank balance, \$100,000 was covered by federal depository insurance. State statutes do not require collateral to be pledged for deposits. Cash on hand was \$400. At year end the carrying amounts of the component units deposits were \$0, and the bank balances were \$0. Of the bank balances \$0 was covered by Federal Depository Insurance.

Primary Government:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Cash On Hand	400
Demand Deposits	718,695
Investments - PTIF	17,617,345
Landfill Trust Account	93,034
Escrow Accounts	330,713
Repurchase Agreements	<u>873,578</u>
Total Cash and Investments	<u>19,633,765</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	14,222,083
Governmental Activities - Restricted	3,293,539
Business-Type Activities - Unrestricted	1,574,342
Business-Type Activities - Restricted	93,034
Fiduciary Fund	<u>450,767</u>
 Total Cash and Cash Equivalents	 <u><u>19,633,765</u></u>

Component Units:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Zions Bank - Repurchase Agreements	2,030,116
Investments - PTIF	<u>55</u>
 Total Cash and Investments	 <u><u>2,030,171</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	1,946,120
Governmental Activities - Restricted	<u>84,051</u>
 Total Cash and Cash Equivalents	 <u><u>2,030,171</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$685,085 of the local government's bank balances of \$785,085 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

For the year ended December 31, 2006, the local governments has investments of \$17,617,345 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - DUE FROM OTHER GOVERNMENT UNITS

Public Health:

Accounts receivable in the Public Health Special Revenue fund represents payments due on contracts with the State of Utah in the amount of \$265,241.

Class B Road:

The receivable for Class B Roads includes the 4th quarter allocation from the State of Utah in the amount of \$213,424. In addition, forest reserve monies are due in the amount of \$40,614.

Other Grants:

State of Utah - Assessing and Collecting, \$147,264.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	274,450	90,225	-	364,675
Land Related to Roads	1,309,680	-	-	1,309,680
Infrastructure	24,029,082	-	-	24,029,082
Construction in Progress	-	2,676,459	-	2,676,459
Total Capital Assets Not Being Depreciated	<u>25,613,212</u>	<u>2,766,684</u>	<u>-</u>	<u>28,379,896</u>
Capital Assets Being Depreciated:				
Buildings	12,631,896	-	-	12,631,896
Improvements	1,003,817	-	-	1,003,817
Equipment	6,405,309	862,175	504,214	6,763,270
Total Capital Assets Being Depreciated	<u>20,041,022</u>	<u>862,175</u>	<u>504,214</u>	<u>20,398,983</u>
Less Accumulated Depreciation For:				
Buildings	2,968,680	270,623	-	3,239,303
Improvements	288,929	25,910	-	314,839
Equipment	4,679,180	654,871	295,282	5,038,769
Total Accumulated Depreciation	<u>7,936,789</u>	<u>951,404</u>	<u>295,282</u>	<u>8,592,911</u>
Total Capital Assets Being Depreciated (Net)	<u>12,104,233</u>	<u>(89,229)</u>	<u>208,932</u>	<u>11,806,072</u>
Governmental Activities Capital Assets, Net	<u>37,717,445</u>	<u>2,677,455</u>	<u>208,932</u>	<u>40,185,968</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings	297,822	-	-	297,822
Improvements	494,912	-	-	494,912
Equipment	<u>1,700,704</u>	<u>-</u>	<u>-</u>	<u>1,700,704</u>
 Total Capital Assets Being Depreciated	 <u>2,493,438</u>	 <u>-</u>	 <u>-</u>	 <u>2,493,438</u>
 Less Accumulated Depreciation For:				
Buildings	65,345	18,819	-	84,164
Improvements	260,000	24,746	-	284,746
Equipment	<u>1,514,982</u>	<u>103,507</u>	<u>-</u>	<u>1,618,489</u>
 Total Accumulated Depreciation	 <u>1,840,327</u>	 <u>147,072</u>	 <u>-</u>	 <u>1,987,399</u>
 Total Capital Assets Being Depreciated (Net)	 <u>653,111</u>	 <u>(147,072)</u>	 <u>-</u>	 <u>506,039</u>
 Business Type Activities Capital Assets, Net	 <u><u>653,111</u></u>	 <u><u>(147,072)</u></u>	 <u><u>-</u></u>	 <u><u>506,039</u></u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	73,981	-	73,981
Public Safety	451,182	-	451,182
Public Health	193,362	147,072	340,434
Highways and Public Improvements	208,628	-	208,628
Parks and Recreation	21,734	-	21,734
Economic Development	<u>2,517</u>	<u>-</u>	<u>2,517</u>
 Total Depreciation Expense	 <u><u>951,404</u></u>	 <u><u>147,072</u></u>	 <u><u>1,098,476</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT

Governmental Activities:

Sevier County Public Health Services Revenue Bonds, Series 1991:

During 1991 Sevier County issued 357,500 of Public Health revenue bonds, which were purchased by the State of Utah Community Impact Board, for the purpose of constructing a facility for the Central Utah Public Health Department. The bonds require annual payments of \$14,000 to \$15,000 per year with no interest. The bonds are payable from rents from the Central Utah Public Health Department and not from charges against the County's general credit or taxing powers.

The following is summary of Debt Service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	14,000	-	14,000
2008	14,000	-	14,000
2009	14,000	-	14,000
2010	15,000	-	15,000
2011	15,000	-	15,000
2012 - 2016	75,000	-	75,000
Total	<u>147,000</u>	<u>-</u>	<u>147,000</u>

Building Authority - Parity Lease Revenue Bonds, series 1994B:

On May 31, 1994, the Sevier County Municipal Building Authority issued \$2,130,000 of Parity Lease Revenue Bonds, Series 1994B, to the State of Utah Permanent Community Impact Board. The bonds carry an interest rate of 3%.

The following is summary of Debt Service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 1 of			
2007	106,000	-	106,000
2008	93,000	31,950	124,950
2009	96,000	29,160	125,160
2010	99,000	26,280	125,280
2011	101,000	23,310	124,310
2012 - 2016	555,000	69,120	624,120
2017 - 2021	121,000	3,630	124,630
Total	<u>1,171,000</u>	<u>183,450</u>	<u>1,354,450</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

2004 Lease Revenue Refunding Bonds:

Sevier County issued \$3,715,000 of Lease Revenue Refunding Bonds to refund \$3,748,331 of the 1995 USDA Rural Development Revenue Bonds issued in the amount of \$4,400,000. As a result the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column in the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$33,331. The advance refunding was undertaken to reduce the total debt service payments over the next 18 years by \$451,391 and resulted in an economic gain of \$296,753.

The following is a summary of debt service charges to maturity for the lease revenue bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	135,000	142,330	277,330
2008	135,000	138,955	273,955
2009	140,000	135,580	275,580
2010	145,000	132,080	277,080
2011	145,000	128,093	273,093
2012 - 2016	805,000	567,095	1,372,095
2017 - 2021	1,005,000	364,000	1,369,000
2022 - 2026	<u>835,000</u>	<u>94,500</u>	<u>929,500</u>
Total	<u>3,345,000</u>	<u>1,702,633</u>	<u>5,047,633</u>

Lease Revenue Bonds:

On January 9, 2006, the County issued Lease Revenue Bonds in the amount of \$2,800,000 for the purpose of renovating the Sevier County Administration Building and adjacent jail structure and related improvements. The bonds were sold to the State of Utah Community Impact Board. The bonds are interest free and require principal payments of \$93,000 for 20 years and \$94,000 for 10 years with payments due on July 1st of each year.

During 2006 the Sevier County Administration Building caught fire and the smoke damage required the County to move the employees to different locations throughout Richfield City. The County's insurance will cover the cost of remodeling the courthouse building.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	93,000	-	93,000
2008	93,000	-	93,000
2009	93,000	-	93,000
2010	93,000	-	93,000
2011	93,000	-	93,000
2012 - 2016	465,000	-	465,000
2017 - 2021	465,000	-	465,000
2022 - 2026	465,000	-	465,000
2027 - 2031	470,000	-	470,000
2032 - 2036	470,000	-	470,000
Total	<u>2,800,000</u>	<u>-</u>	<u>2,800,000</u>

CIB Bonds Payable - Animal Shelter:

The County obtained financing from the Community Impact Board to partially fund the construction of a new animal shelter in Sevier County. The loan requires yearly payments of \$16,700 for 10 years and \$16,800 for 10 years with no interest. The balance of the loan at year end was \$284,700.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	16,700	-	16,700
2008	16,700	-	16,700
2009	16,700	-	16,700
2010	16,700	-	16,700
2011	16,700	-	16,700
2012 - 2016	83,800	-	83,800
2017 - 2021	84,000	-	84,000
2022 - 2026	33,600	-	33,600
Total	<u>284,900</u>	<u>-</u>	<u>284,900</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Special Events Center - General Obligation Bonds:

On November 7, 2000, a special bond election was approved for the issuance of \$8,000,000 principal amount of general obligation bonds for the purpose of, among other things, paying all or part of Sevier County's share of the costs of acquiring, constructing, improving, extending, equipping and furnishing an educational and multipurpose facility to be located on the campus of Snow College South in Richfield, Utah, such facility to be owned by Snow College and jointly used by Sevier County, Snow College South and the Board of Education of Sevier School District and for the purpose of refunding bonds authorized hereunder at or prior to the maturity thereof.

The following is a summary of debt service charges to maturity:

Issue 2001A:

	Principal	(Various Rates) Interest	Total
2007	150,000	160,680	310,680
2008	160,000	153,725	313,725
2009	170,000	145,595	315,595
2010	180,000	136,845	316,845
2011	190,000	128,070	318,070
2012 - 2016	1,100,000	416,830	1,516,830
2017 - 2021	1,405,000	262,768	1,667,768
Total	<u>3,355,000</u>	<u>1,404,513</u>	<u>4,759,513</u>

Issue 2001B:

	Principal	3.50% Interest	Total
2007	169,000	113,050	282,050
2008	174,000	106,960	280,960
2009	180,000	100,660	280,660
2010	187,000	94,115	281,115
2011	193,000	87,360	280,360
2012 - 2016	1,069,000	327,180	1,396,180
2017 - 2021	1,270,000	119,420	1,389,420
Total	<u>3,242,000</u>	<u>948,745</u>	<u>4,190,745</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity for the Special Events Center:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	319,000	273,730	592,730
2008	334,000	260,685	594,685
2009	350,000	246,255	596,255
2010	367,000	230,960	597,960
2011	383,000	215,430	598,430
2012 - 2016	2,169,000	744,010	2,913,010
2017 - 2021	<u>2,675,000</u>	<u>382,188</u>	<u>3,057,188</u>
Total	<u>6,597,000</u>	<u>2,353,258</u>	<u>8,950,258</u>

Equipment Lease:

During the 2003 year the County obtained a lease in the amount of \$270,411 for the purchase of equipment for the Sevier Valley Center. The terms of the lease call for yearly payments of \$50,000 including interest at 3.05%.

The following is a summary of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	45,691	4,309	50,000
2008	47,084	2,916	50,000
2009	<u>48,520</u>	<u>1,480</u>	<u>50,000</u>
Total	<u>141,295</u>	<u>8,705</u>	<u>150,000</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges for governmental activities to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	729,391	420,410	1,149,801
2008	732,784	434,506	1,167,290
2009	758,220	412,475	1,170,695
2010	735,700	389,320	1,125,020
2011	753,700	366,833	1,120,533
2012 - 2016	4,152,800	1,380,225	5,533,025
2017 - 2021	4,350,000	749,818	5,099,818
2022 - 2026	1,333,600	94,500	1,428,100
2027 - 2031	470,000	-	470,000
2032 - 2027	470,000	-	470,000
Total	<u>14,486,195</u>	<u>4,248,087</u>	<u>18,734,282</u>

Business Type Activities:

Landfill Revenue Bonds:

On May 5, 1994, Sevier County issued \$1,500,000 of Revenue Bonds for the purpose of providing funds to finance the cost of construction of County Landfill improvements, including access roads and site development. The terms of the loan include interest at a rate of 2.5%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1 of			
2007	59,000	22,375	81,375
2008	61,000	20,900	81,900
2009	62,000	19,375	81,375
2010	64,000	17,825	81,825
2011	65,000	16,225	81,225
2012 - 2016	351,000	55,900	406,900
2017 - 2021	<u>233,000</u>	<u>11,725</u>	<u>244,725</u>
Total	<u>895,000</u>	<u>164,325</u>	<u>1,059,325</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in long-term debt as of December 31, 2006:

	Date of Issue	Interest Rate	Total Issued	Outstanding December 31, 2005	Current Year Changes		Outstanding December 31, 2006
					Additions	Retirements	
Governmental Activities:							
PCIB Public Health Bldg. Revenue Bonds	1991	0%	357,500	161,000	-	14,000	147,000
Building Authority:							
Public Safety Building:							
PCIB Lease Revenue Bonds	1994	3%	2,130,000	1,277,000	-	106,000	1,171,000
Zions Bank Refunding Bonds	2004	0%	3,715,000	3,475,000	-	130,000	3,345,000
Administration Building Bonds	2006	0%	2,800,000	-	2,800,000	-	2,800,000
CIB Animal Shelter Lease Revenue Bond	2002	0%	335,000	301,600	-	16,700	284,900
Special Events Center:							
General Obligation Bonds - 2001A	2001	5.25%	4,000,000	3,500,000	-	145,000	3,355,000
General Obligation Bonds - 2001B	2001	3.50%	4,000,000	3,404,000	-	162,000	3,242,000
Equipment Lease Purchase	2003	3.05%	270,411	185,633	-	44,338	141,295
Total Bonds - Governmental			17,607,911	12,304,233	2,800,000	618,038	14,486,195
Bonds Costs of Refunding			(157,789)	(143,445)	-	(7,172)	(136,273)
Bond Premium on Refunding			191,120	173,746	-	8,687	165,059
Total Governmental Activities			17,641,242	12,334,534	2,800,000	619,553	14,514,981
Business Type Activities:							
Zions Bank Landfill Revenue Bonds	1994	2.5%	1,500,000	953,000	-	58,000	895,000
Total Business Type Activities			1,500,000	953,000	-	58,000	895,000
Grand Total			19,141,242	13,287,534	2,800,000	677,553	15,409,981

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

As of December 31, 1995, the County personnel policy states that accrued vacation and comp time can be carried over to the next year but sick pay is forfeited upon the termination of an employee.

The following summary shows the compensated absences as determined for the County and Public Health:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sevier County	128,523	33,646	-	162,169
Public Health	<u>71,477</u>	<u>-</u>	<u>3,046</u>	<u>68,431</u>
	<u>200,000</u>	<u>33,646</u>	<u>3,046</u>	<u>230,600</u>

NOTE 6 - CLOSURE AND POSTCLOSURE CARE COST - MUNICIPAL SOLID WASTE LANDFILL

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the Landfill Special Revenue Fund each period based on landfill capacity used as of each balance sheet date. The \$46,000 reported as landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 23% of the estimated capacity of the land fill. The County will recognize the remaining estimated cost of closure and postclosure care of \$54,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The County expects to close the landfill in the year 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2006, investments of \$93,034 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - SPECIAL REVENUE FUNDS

Public Health Fund:

This Special Revenue Fund administers the public health programs in the Six County area.

The following is a statement of changes in the Public Health fund:

Revenue:	
Federal Revenues	1,163,606
State Contracts	538,272
County Participation	374,279
School Contracts	100,968
Fees	913,709
WIC Food Vouchers	1,086,561
Childhood Immunization Vaccines	144,710
Interest	34,709
Other Revenues	<u>3,506</u>
Total Revenue	<u>4,360,320</u>
Expenditures:	
Current:	
Salaries and Wages	1,334,354
Fringe Benefits	827,895
Travel	151,981
Office Expense	114,314
Drug/Medical Supplies	251,616
Operating Expenses	235,163
Other Expenses	136,630
WIC Food Vouchers	1,086,561
Childhood Immunization Vaccines	144,710
Capital Outlay	<u>48,991</u>
Total Expenditures	<u>4,332,215</u>
Excess of Revenues Over (Under) Expenditures	28,105
Fund Balance - Beginning of Year	<u>949,315</u>
Fund Balance - End of Year	<u><u>977,420</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - SPECIAL REVENUE FUNDS (CONTINUED)

Ambulance Fund:

The following is a statement of changes in the Ambulance fund:

Revenue:	
State Grant	14,148
Ambulance Revenues	651,094
Interest Revenue	52,131
Other	<u>105</u>
Total Revenue	<u>717,478</u>
Expenditures:	
Current:	
Permanent Employees	106,495
Part Time Employees	123,377
Benefits	73,170
Travel	59
Office Supplies	2,931
Supplies and Maintenance	35,856
Building and Grounds	7,770
Telephone	8,274
Professional and Technical	23,345
Insurance	4,247
Medical Supplies	33,375
Miscellaneous	16,025
Training	20,693
Capital Outlay:	
Equipment	<u>129,332</u>
Total Expenditures	<u>584,949</u>
Excess of Revenues Over (Under) Expenditures	132,529
Other Financing Sources (Uses):	
Transfer to General Fund	(120,000)
Fund Balance - Beginning of Year	<u>1,410,241</u>
Fund Balance - End of Year	<u><u>1,422,770</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - SPECIAL REVENUE FUNDS (CONTINUED)

Building Authority:

The following is a statement of changes in the Building Authority:

Revenue:	
Lease Revenue	236,746
Interest Revenue	170,690
Sundry	<u>22,294</u>
Total Revenue	<u>429,730</u>
Expenditures:	
Current:	
General Government	22,853
Capital Outlay	2,676,459
Debt Service:	
Principal	252,700
Interest	<u>134,494</u>
Total Expenditures	<u>3,086,506</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,656,776)</u>
Other Financing Sources (Uses):	
CIB Grant	700,000
CIB Bond Proceeds	2,800,000
Transfer from General Fund	<u>323,000</u>
Total Other Financing Sources (Uses)	<u>3,823,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,166,224
Fund Balance - Beginning of Year	<u>1,437,469</u>
Fund Balance - End of Year	<u><u>2,603,693</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - CLASS B ROAD - RESERVED FUND BALANCE

The following is a statement of changes in Class B Roads - Reserved Fund Balance:

Revenues:	
State Allotments	996,673
Forest Reserve	40,614
State Grants	5,000
Interest	104,589
Other Revenue	<u>44,198</u>
Total Revenues	<u>1,191,074</u>
Expenditures	<u>788,371</u>
Excess of Revenues Over (Under) Expenditures	402,703
Balance - Beginning of Year	<u>2,280,399</u>
Balance - End of Year	<u><u>2,683,102</u></u>

NOTE 9 - CAPITAL PROJECTS FUND

The following is a statement of changes in the Capital Projects Fund:

Revenue:	
Interest Revenue	<u>106,879</u>
Expenditures:	
Capital Outlay	<u>210,526</u>
Excess of Revenues Over (Under) Expenditures	(103,647)
Other Financing Sources (Uses):	
Transfer to General Fund	(85,000)
Balance - Beginning of Year	<u>2,181,886</u>
Balance - End of Year	<u><u>1,993,239</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 10 - ENTERPRISE FUNDS

Landfill:

The following is a statement of changes in the Landfill:

Revenue:	
Charges for Services	604,175
Interest	<u>71,635</u>
Total Revenue	<u>675,810</u>
Expenditures:	
Current:	
Salaries and Wages	165,303
Benefits	84,378
Supplies and Maintenance	117,751
Professional and Technical	1,464
Insurance	4,247
Telephone	1,014
Postclosure Costs	6,000
Other	6,983
Capital Outlay:	
Equipment	500
Debt Service:	
Principal	58,000
Interest	<u>23,825</u>
Total Expenditures	<u>469,465</u>
Excess of Revenues Over (Under) Expenditures	206,345
Other Financing Sources (Uses):	
Transfer In	25,000
Fund Balance - Beginning of Year	<u>1,390,031</u>
Fund Balance - End of Year	<u><u>1,621,376</u></u>
Reconciliation to Total Net Assets - Ending:	
Fund Balance - End of Year	1,621,376
Capital Assets (Net of Accumulated Depreciation)	506,039
Less: Long-Term Debt	(895,000)
Accrued Bond Interest Payable	<u>(15,000)</u>
Total Net Assets Per Statement of Net Assets	<u><u>1,217,415</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	147,800	429,020
Assessing and Collecting	166,020	
Ambulance	-	120,000
Transient Room Tax	75,000	-
Recreation	-	75,000
E-911	-	27,800
Building Authority	323,000	-
Capital Improvements	-	85,000
Landfill	<u>25,000</u>	<u>-</u>
	<u>736,820</u>	<u>736,820</u>

Transfers were made for the following purposes:

- * The General Fund transferred \$238,000 to the Building Authority for debt service payments.
- * The General Fund transferred \$166,020 to Assessing and Collecting to cover initial costs.
- * The General Fund transferred \$25,000 to the Transient Room Tax Fund for economic development.
- * The Ambulance Fund transferred \$120,000 to the General Fund to cover certain expenses related to health care.
- * The Recreation Facility Tax Fund transferred \$50,000 to the Transient Room Tax Fund for promotion of economic development in the County.
- * The Recreation Facility Tax Fund transferred \$25,000 to the Landfill Fund to offset costs of increased usage at the landfill from recreational activities.
- * The E-911 Fund transferred \$27,800 to the General Fund to cover expenditures relating to public safety.
- * The Capital Improvement Fund transferred \$85,000 to the Building Authority for Capital Outlay.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$50,000,000 and \$250,000 for liability to a limit of \$750,000 with a combined excess aggregate of \$1,000,000 to 1,350,000. The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 13 - PENSION PLAN

Local Governmental - Cost Sharing

Plan Description:

Sevier County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Sevier County is required to contribute a percent of covered salary to the respective systems, 7.58% to the Contributory, 11.59% to the Noncontributory and 22.30% to the Public Safety Other Division A Noncontributory Systems. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

Sevier County contributions to the various systems for the years ending December 31, 2006, 2005 and 2004 respectively were; for the Contributory System, \$6,108.05, \$5,797.74 and \$5,358.99; for the Noncontributory System, \$194,123.20, \$173,342.14 and \$156,184.86; and for the Public Safety Other Division A Noncontributory, \$311,979.97, \$280,358.64 and \$242,516.22 respectively. The contributions were equal to the required contributions for each year.

NOTE 14 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS

Sevier County has one component unit that is a governmental fund type and is described below:

Governmental Fund Types:

Sevier County Special Service District #1 - The purpose of the District is the improve the County road system in Sevier County.

Condensed information for the Governmental Fund Types for the year ended December 31, 2006, is as follows:

	Sevier County Special Service District #1
Condensed Statement of Net Assets:	
Current Assets	<u>2,038,635</u>
Current Liabilities	186,984
Net Assets	<u>1,851,651</u>
Total Liabilities and Net Assets	<u>2,038,635</u>
Condensed Statement of Revenues, Expenditures and Changes in Net Assets:	
Revenues	4,848,547
Current Expenditures	(33,193)
Capital Outlay	<u>(3,736,788)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>1,078,566</u>

(This page contains no information and
is used to assist in formatting for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**SEVIER COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2006

Percentage of Lane-Miles in Good or Better Condition:

	Percentage				
	2006	2005	2004	2003	2002
Paved	88	85	80	69	65
Gravel	78	75	70	64	60
Dirt	82	80	65	65	61
Overall System	82	80	70	66	62
Bridges	72	72	72	72	70

Percentage of Lane-Miles in Substandard Condition:

	Percentage				
	2006	2005	2004	2003	2002
Paved	7	8	10	12	14
Gravel	6	7	8	8	10
Dirt	7	8	10	9	12
Overall System	7	8	9	10	11
Bridges	7	7	7	5	7

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	2006	2005	2004	2003	2002
Estimated	860,000	850,000	1,500,000	1,850,000	1,932,000
Actual	788,000	800,000	1,382,000	1,834,000	1,400,000

The condition of road pavement is measured using the American...(AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 60 percent of its road system at a good or better condition level. No more than 15 percent should be in substandard condition. Condition assessments are determined every year.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

SEVIER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended December 31, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund, Ambulance Fund, Public Health Fund, Class B Road Fund and Municipal Building Authority Fund.

Budgeting and Budgetary Control:

Budgets for these funds are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes:				
General Property Taxes	1,900,000	1,975,000	2,035,710	60,710
Delinquent Prior Years Taxes	100,000	25,000	106,799	81,799
Fee-In-Lieu	450,000	450,000	459,815	9,815
Penalty and Interest	35,000	35,000	34,905	(95)
County Option Sales Tax	675,000	675,000	861,004	186,004
General Sales and Use Taxes	325,000	325,000	355,481	30,481
Total Taxes	3,485,000	3,485,000	3,853,714	368,714
Licenses and Permits:				
Business Licenses and Permits	156,000	156,000	223,205	67,205
Non-Business Licenses and Permits	3,000	3,000	2,610	(390)
Total Licenses and Permits	159,000	159,000	225,815	66,815
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	995,000	995,000	1,014,575	19,575
Economic Development	60,000	60,000	69,308	9,308
Homeland Security Grants	250,000	250,000	103,500	(146,500)
State Grants	51,000	66,000	56,790	(9,210)
Emergency Services	2,000	2,000	6,334	4,334
Substance Abuse	-	-	74,874	74,874
State Liquor Allotment	50,000	50,000	30,994	(19,006)
Total Intergovernmental Revenue	1,408,000	1,423,000	1,356,375	(66,625)
Charges for Services:				
Clerk's Fees	4,000	4,000	4,065	65
Bailiff Fees	20,000	20,000	11,030	(8,970)
Sheriff Contracts	175,000	175,000	210,029	35,029
Jail Services	1,200,000	1,200,000	1,334,579	134,579
Inspection Fees	10,000	10,000	9,287	(713)
Planning Fees	6,500	64,000	66,013	2,013
Other	27,000	29,500	37,047	7,547
Total Charges for Services	1,442,500	1,502,500	1,672,050	169,550

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues (Continued):				
Fines and Forfeitures:				
Justice Court Fines	<u>485,000</u>	<u>485,000</u>	<u>567,955</u>	<u>82,955</u>
Miscellaneous Revenue:				
Rents and Concessions	30,000	30,000	25,020	(4,980)
Economic Development Conferences	15,000	15,000	11,473	(3,527)
Sundry Revenues	54,000	654,000	445,264	(208,736)
Interest	100,000	100,000	241,408	141,408
Use of Surplus	<u>720,143</u>	<u>796,843</u>	<u>-</u>	<u>(796,843)</u>
Total Miscellaneous Revenue	<u>919,143</u>	<u>1,595,843</u>	<u>723,165</u>	<u>(872,678)</u>
Transfers	<u>143,000</u>	<u>147,800</u>	<u>147,800</u>	<u>-</u>
Total Revenues	<u>8,041,643</u>	<u>8,798,143</u>	<u>8,546,874</u>	<u>(251,269)</u>
Expenditures:				
General Government:				
Commission	164,040	165,540	165,388	152
District Court	31,000	31,000	28,868	2,132
Justice Court	195,281	195,281	158,332	36,949
Public Defender	102,000	102,000	90,271	11,729
Microfilming	15,000	15,000	8,732	6,268
Clerk-Auditor	187,246	187,246	172,119	15,127
Attorney	293,779	299,779	288,763	11,016
Surveyor	33,440	33,440	32,227	1,213
Data Processing	24,804	28,804	25,421	3,383
GIS	77,050	77,050	14,941	62,109
Non-Departmental	275,720	870,720	573,064	297,656
Courthouse and Grounds	107,791	107,791	79,946	27,845
Elections	67,500	67,500	47,059	20,441
Building Inspection	189,600	189,600	180,654	8,946
Planning and Zoning	10,000	70,000	18,897	51,103
State Unemployment	<u>10,000</u>	<u>10,000</u>	<u>4,835</u>	<u>5,165</u>
Total General Government	<u>1,784,251</u>	<u>2,450,751</u>	<u>1,889,517</u>	<u>561,234</u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public Safety:				
Sheriff	1,857,913	1,892,913	1,849,741	43,172
Communications	59,896	59,896	59,290	606
Alcoholic Rehabilitation	372,062	372,062	295,314	76,748
Fire Contracts	174,426	174,426	145,915	28,511
County Jail	1,994,889	1,994,889	1,910,002	84,887
Animal Control	194,081	205,081	180,087	24,994
Emergency Services	330,100	330,100	319,685	10,415
Total Public Safety	4,983,367	5,029,367	4,760,034	269,333
Health and Public Welfare:				
Health Services	181,739	181,739	171,026	10,713
Public Welfare	3,000	7,500	7,450	50
Total Health and Public Welfare	184,739	189,239	178,476	10,763
Highway and Public Improvements:				
County Roads	41,000	41,000	25,232	15,768
Weed Control	38,400	38,400	33,001	5,399
Mosquito Control	69,294	84,294	81,984	2,310
Total Highways and Public Improvements	148,694	163,694	140,217	23,477
Parks, Recreation and Public Property:				
Recreation and Television	80,147	80,547	80,250	297
Bookmobile	57,500	57,500	57,187	313
Extension Services	73,973	90,273	90,226	47
Fairgrounds	70,133	70,133	69,420	713
County Fair	58,500	66,300	66,205	95
Total Parks, Recreation and Public Property	340,253	364,753	363,288	1,465

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):				
Conservation and Economic Development:				
Economic Development	<u>111,319</u>	<u>111,319</u>	<u>106,213</u>	<u>5,106</u>
Nondepartmental:				
Transfer Out	<u>489,020</u>	<u>489,020</u>	<u>429,020</u>	<u>60,000</u>
Total Expenditures	<u>8,041,643</u>	<u>8,798,143</u>	<u>7,866,765</u>	<u>931,378</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>680,109</u>	<u>680,109</u>
Fund Balance - Beginning			<u>4,387,675</u>	
Fund Balance - Ending			<u>5,067,784</u>	

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
AMBULANCE**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Grants	-	-	14,148	14,148
Charges for Services	550,000	550,000	651,094	101,094
Interest Revenue	25,000	25,000	52,131	27,131
Miscellaneous	-	-	105	105
Fund Balance	<u>159,883</u>	<u>159,883</u>	<u>-</u>	<u>(159,883)</u>
Total Revenues	<u>734,883</u>	<u>734,883</u>	<u>717,478</u>	<u>(17,405)</u>
Expenditures:				
Public Health	614,883	614,883	584,949	29,934
Transfer To General Fund	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total Expenditures	<u>734,883</u>	<u>734,883</u>	<u>704,949</u>	<u>29,934</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>12,529</u>	<u>12,529</u>
Fund Balance - Beginning			<u>1,410,241</u>	
Fund Balance - Ending			<u>1,422,770</u>	

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	3,743,609	3,743,609	3,411,902	(331,707)
Charges for Services	775,332	775,332	913,709	138,377
Interest Earnings	-	-	34,709	34,709
Fund Balance	<u>38,343</u>	<u>38,343</u>	<u>-</u>	<u>(38,343)</u>
Total Revenues	<u>4,557,284</u>	<u>4,557,284</u>	<u>4,360,320</u>	<u>(196,964)</u>
Expenditures:				
Public Health	4,507,284	4,507,284	4,283,224	224,060
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>48,991</u>	<u>1,009</u>
Total Expenditures	<u>4,557,284</u>	<u>4,557,284</u>	<u>4,332,215</u>	<u>225,069</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	28,105	<u>28,105</u>
Fund Balance - Beginning			<u>949,315</u>	
Fund Balance - Ending			<u>977,420</u>	

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	1,042,000	1,042,000	1,085,686	43,686
Interest	40,000	40,000	104,589	64,589
Miscellaneous	356,116	356,116	798	(355,318)
Total Revenues	<u>1,438,116</u>	<u>1,438,116</u>	<u>1,191,073</u>	<u>(247,043)</u>
Expenditures:				
County Roads	1,163,116	1,163,116	583,262	579,854
Equipment	275,000	275,000	205,108	69,892
Total Expenditures	<u>1,438,116</u>	<u>1,438,116</u>	<u>788,370</u>	<u>649,746</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>402,703</u>	<u>402,703</u>
Fund Balance - Beginning			<u>2,280,399</u>	
Fund Balance - Ending			<u>2,683,102</u>	

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	3,500,000	3,500,000	3,500,000	-
Interest Revenue	20,000	20,000	170,690	150,690
Rents and Concessions	250,000	250,000	236,746	(13,254)
Miscellaneous	20,000	20,000	22,294	2,294
Transfers In	323,000	323,000	323,000	-
Total Revenues	<u>4,113,000</u>	<u>4,113,000</u>	<u>4,252,730</u>	<u>139,730</u>
Expenditures:				
Operating Costs	40,000	40,000	39,552	448
Capital Outlay	3,585,000	3,585,000	2,676,460	908,540
Debt Service	488,000	488,000	370,494	117,506
Total Expenditures	<u>4,113,000</u>	<u>4,113,000</u>	<u>3,086,506</u>	<u>1,026,494</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,166,224</u>	<u>1,166,224</u>
Fund Balance - Beginning			<u>1,437,469</u>	
Fund Balance - Ending			<u>2,603,693</u>	

(This page contains no information and
is used to assist in formatting for easier reading)

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

(This page contains no information and
is used to assist in formatting for easier reading)

**SEVIER COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND**

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash	546,402	12,287,141	12,382,776	450,767
Taxes Receivable	<u>128,025</u>	<u>260,883</u>	<u>128,025</u>	<u>260,883</u>
TOTAL ASSETS	<u>674,427</u>	<u>12,548,024</u>	<u>12,510,801</u>	<u>711,650</u>
LIABILITIES				
Due to Taxing Units	617,230	12,273,162	12,262,313	628,079
Collections Payable	<u>57,197</u>	<u>146,837</u>	<u>120,463</u>	<u>83,571</u>
TOTAL LIABILITIES	<u>674,427</u>	<u>12,419,999</u>	<u>12,382,776</u>	<u>711,650</u>

**SEVIER COUNTY
NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Recreational Facility Tax Fund:

This fund is used to account for taxes collected for the purpose of funding recreational activities in the County.

Narcotics Task Force Fund:

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

Assessing and Collecting:

This fund is used to account for expenditures relating to the assessing and collecting of taxes.

E-911 Fund:

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

Transient Room Tax Fund:

This fund is used to account for room taxes collected within the County to fund the economic development activities of the County.

South Central T.V.:

This fund is used to account for expenditures relating to television improvement costs.

DEBT SERVICE FUNDS

Debt Service Fund:

This fund is used to account for monies received for the payment of long-term debt and to make those payments of principal and interest on that debt.

**SEVIER COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2006

	ASSETS						LIABILITIES AND FUND BALANCES		
	Recreational Facility Tax	Narcotics Task Force	E-911	Assessing and Collecting	Transient Room Tax	South Central T.V.	Debt Service	Nonmajor Government Funds	
Investments - Unrestricted	1,227,654	229,385	548,847	(150,290)	43,839	1,656,355	99,209	3,654,999	
Due From Other Governmental Units	-	-	-	147,264	-	-	-	147,264	
TOTAL ASSETS	<u>1,227,654</u>	<u>229,385</u>	<u>548,847</u>	<u>(3,026)</u>	<u>43,839</u>	<u>1,656,355</u>	<u>99,209</u>	<u>3,802,263</u>	
LIABILITIES AND FUND BALANCES									
Liabilities	22	-	-	-	-	-	-	-	22
Fund Balances:									
Unreserved, Reported in:									
Debt Service Fund	-	-	-	-	-	-	99,209	99,209	
Special Revenue Funds	1,227,632	229,385	548,847	(3,026)	43,839	1,656,355	-	3,703,032	
Total Fund Balances	<u>1,227,632</u>	<u>229,385</u>	<u>548,847</u>	<u>(3,026)</u>	<u>43,839</u>	<u>1,656,355</u>	<u>99,209</u>	<u>3,802,241</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>1,227,654</u>	<u>229,385</u>	<u>548,847</u>	<u>(3,026)</u>	<u>43,839</u>	<u>1,656,355</u>	<u>99,209</u>	<u>3,802,263</u>	

SEVIER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

	Recreational Facility Tax	Narcotics Task Force	E-911	Assessing and Collecting	Transient Room Tax	South Central T.V.	Debt Service	Nonmajor Government Funds
Revenues:								
Taxes	176,931	-	-	589,472	237,981	-	606,892	1,611,276
Intergovernmental	-	161,633	-	-	-	1,993,729	-	2,155,362
Charges for Services	-	-	372,605	159,863	97,738	-	-	630,206
Interest	57,587	7,739	23,898	-	453	7,201	-	96,878
Fines and Forfeitures	-	128,413	-	-	-	-	-	128,413
Lease Revenues	19,167	-	-	-	-	-	-	19,167
Miscellaneous	106	-	-	-	-	-	-	106
Total Revenues	253,791	297,785	396,503	749,335	336,172	2,000,930	606,892	4,641,408
Expenditures:								
Current:								
General Government	-	-	-	918,381	-	-	-	918,381
Public Safety	-	155,071	131,484	-	-	-	-	286,555
Parks and Recreation	20,000	-	-	-	-	-	-	20,000
Economic Development	-	-	-	-	413,857	344,575	-	758,432
Debt Service:								
Principal	-	-	-	-	-	-	307,000	307,000
Interest	-	-	-	-	-	-	286,233	286,233
Total Expenditures	20,000	155,071	131,484	918,381	413,857	344,575	593,233	2,576,601
Excess of Revenues Over (Under) Expenditures	233,791	142,714	265,019	(169,046)	(77,685)	1,656,355	13,659	2,064,807
Other Financing Sources (Uses):								
Transfer In (Out)	(75,000)	-	(27,800)	166,020	75,000	-	-	138,220
Net Change in Fund Balance	158,791	142,714	237,219	(3,026)	(2,685)	1,656,355	13,659	2,203,027
Fund Balances - Beginning	1,068,841	86,671	311,628	-	46,524	-	85,550	1,599,214
Fund Balances - Ending	1,227,632	229,385	548,847	(3,026)	43,839	1,656,355	99,209	3,802,241

**SEVIER COUNTY
TREASURER'S TAX COLLECTION AGENCY FUND
BALANCE SHEET**

December 31, 2006

ASSETS:

Cash Invested	450,367
Cash on Hand	400
Taxes Receivable	<u>260,883</u>
 TOTAL ASSETS	 <u><u>711,650</u></u>

LIABILITIES:

Due to General Fund	81,227
Collections Payable	<u>630,423</u>
 TOTAL LIABILITIES	 <u><u>711,650</u></u>

**SEVIER COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES**

December 31, 2006

	<u>Real Property Values</u>	<u>Centrally Assessed Values</u>	<u>Total Assessed RDA Value</u>	<u>Total Real and Centrally Assessed Values</u>
TAXING UNITS				
County Funds:				
General	562,290,980	275,681,833	14,177,937	823,794,876
State Assessing/Collecting	562,290,980	275,681,833	14,177,937	823,794,876
Local Assessing/Collecting	562,290,980	275,681,833	14,177,937	823,794,876
Total County Funds				
Sevier School District	562,290,980	275,681,833	14,177,937	823,794,876
Cities and Towns:				
Annabella	18,005,010	446,400	-	18,451,410
Aurora	21,945,540	1,750,493	-	23,696,033
Central Valley	13,155,440	78,763	-	13,234,203
Elsinore	16,144,950	869,585	-	17,014,535
Glenwood	11,400,330	307,644	-	11,707,974
Joseph	6,849,390	289,554	-	7,138,944
Kooshareem	8,339,850	392,053	-	8,731,903
Monroe	49,278,110	1,769,105	-	51,047,215
Redmond	13,921,460	542,825	-	14,464,285
Richfield	212,725,670	11,117,276	14,177,937	209,665,009
Salina	58,740,010	3,500,336	-	62,240,346
Sigurd	7,474,850	3,844,963	-	11,319,813
Total Cities and Towns				
Special Taxing Units:				
Richfield Redevelopment				
Landfill				
Drainage District #				
Drainage District #4				
Total Special Taxing Units				
GRAND TOTALS				

<u>Total Real and Centrally Assessed Tax Rates</u>	<u>Taxes Charged</u>	<u>Personal Property Values</u>	<u>Personal Property Tax Rates</u>	<u>Personal Property Taxes Charged</u>	<u>Total Taxes Charged</u>
.003162	2,604,839	32,319,086	.003279	105,974	2,710,814
.000139	114,507	32,319,086	.000173	5,591	120,099
.000300	<u>247,138</u>	32,319,086	.000300	<u>9,696</u>	<u>256,834</u>
	<u>2,966,485</u>			<u>121,261</u>	<u>3,087,747</u>
.006911	<u>5,693,246</u>	32,319,086	.007167	<u>231,631</u>	<u>5,924,877</u>
.000972	17,935	371,418	.001088	404	18,339
.001661	39,359	375,741	.001686	633	39,993
.001928	25,516	-	.000000	-	25,516
.001909	32,481	235,229	.002063	485	32,966
.000790	9,249	83,269	.000860	72	9,321
.000701	5,004	100,141	.000743	74	5,079
.000584	5,099	270,499	.000580	157	5,256
.001430	72,998	968,065	.001553	1,503	74,501
.001546	22,362	349,282	.001557	544	22,906
.002366	496,067	16,029,980	.002365	37,911	533,978
.002389	148,692	4,992,388	.002376	11,862	160,554
.001230	<u>13,923</u>	933,690	.001256	<u>1,173</u>	<u>15,096</u>
	<u>888,686</u>			<u>54,819</u>	<u>943,504</u>
	-			-	182,583
	-			-	78,774
	-			-	11,293
	<u>-</u>			<u>-</u>	<u>1,092</u>
	<u>-</u>			<u>-</u>	<u>273,742</u>
	<u>9,548,417</u>			<u>407,711</u>	<u>10,229,870</u>

**SEVIER COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2006

TAXING UNITS	Current Years Taxes			
	Taxes Charged	Treasurer's Relief		
		Unpaid Taxes	Abatements	Other
County General Fund	<u>2,710,814</u>	<u>84,544</u>	<u>24,675</u>	<u>(9,144)</u>
Assessing & Collecting - State	<u>120,099</u>	<u>3,716</u>	<u>1,085</u>	<u>766</u>
Assessing & Collecting - County	<u>256,834</u>	<u>8,021</u>	<u>2,341</u>	<u>(720)</u>
Sevier School District	<u>5,924,877</u>	<u>184,781</u>	<u>53,929</u>	<u>(8,317)</u>
Cities and Towns:				
Annabella	18,339	866	178	26
Aurora	39,993	1,142	911	(46)
Central Valley	25,516	1,233	316	(67)
Elsinore	32,966	3,062	704	83
Glenwood	9,321	206	242	13
Joseph	5,079	468	87	-
Koosharem	5,256	314	25	(16)
Monroe	74,501	3,155	1,531	(874)
Redmond	22,906	671	468	(16)
Richfield	533,978	19,045	6,466	334
Salina	160,554	7,581	1,958	(631)
Sigurd	<u>15,096</u>	<u>507</u>	<u>250</u>	<u>(24)</u>
Total Towns	<u>943,505</u>	<u>38,250</u>	<u>13,136</u>	<u>(1,218)</u>
Other Districts:				
Richfield Redevelopment	182,583	-	-	-
Landfill	78,774	-	-	-
Drainage District #1	11,293	-	-	-
Drainage District #4	<u>1,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Districts	<u>273,742</u>	<u>-</u>	<u>-</u>	<u>-</u>
GRAND TOTALS	<u>10,229,871</u>	<u>319,312</u>	<u>95,166</u>	<u>(18,633)</u>

Current Years Taxes			Other Collections			
Total Treasurer's Relief	Taxes Collected	Rate	Fee In Lieu	Miscellaneous Collections	Delinquencies	
					Tax	Interest/ Penalty
100,075	2,610,739	96.31%	459,815	84,671	105,311	28,823
5,567	114,532	95.36%	20,213	3,102	5,539	232
9,642	247,192	96.25%	43,626	5,380	8,579	319
230,393	5,694,484	96.11%	1,004,991	112,804	227,308	9,460
1,070	17,269	94.17%	5,728	361	660	20
2,007	37,986	94.98%	14,136	834	1,663	28
1,482	24,034	94.19%	9,044	-	-	-
3,849	29,117	88.32%	10,492	636	1,940	87
461	8,860	95.05%	3,473	190	265	7
555	4,524	89.07%	1,673	87	255	7
323	4,933	93.85%	1,696	118	226	7
3,812	70,689	94.88%	21,735	1,386	2,812	110
1,123	21,783	95.10%	13,750	454	1,738	77
25,845	508,133	95.16%	109,293	10,180	22,068	811
8,908	151,646	94.45%	59,559	3,133	13,538	599
733	14,363	95.14%	3,208	295	567	17
50,168	893,337	94.68%	253,787	17,674	45,732	1,770
-	182,583	100.00%	-	-	-	-
-	78,774	100.00%	-	-	-	-
-	11,293	100.00%	-	-	-	-
-	1,092	100.00%	-	-	-	-
-	273,742	100.00%	-	-	-	-
395,845	9,834,026	96.13%	1,782,432	223,631	392,469	40,604

**SEVIER COUNTY
TAX COLLECTION AGENCY FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2006

	Treasurer's Balance December 31, 2005	Tax Collection Receipts	Current Taxes Apportioned
Tax Collection Accounts:			
Current Years Taxes	-	9,834,026	(9,834,026)
Fee-in-Lieu/Age Based	-	1,782,432	-
Redemption of Prior Years Taxes	-	433,073	-
Miscellaneous Collections	-	223,631	-
Taxes Held for Refund	2,142	65,610	-
Forest Reserve	55,055	81,227	-
	<u>57,197</u>	<u>12,419,999</u>	<u>(9,834,026)</u>
Total Collections	<u>57,197</u>	<u>12,419,999</u>	<u>(9,834,026)</u>
Taxing Units:			
County General Fund	-	-	2,610,739
Assessing and Collecting - State	-	-	114,532
Assessing and Collecting - County	-	-	247,192
 Sevier School District	 507,915	 -	 5,694,484
 Cities and Towns:			
Central Valley	-	-	24,034
Annabella	3,727	-	17,269
Aurora	5,426	-	37,986
Elsinore	5,541	-	29,117
Glenwood	2,165	-	8,860
Joseph	1,384	-	4,524
Koosharem	1,027	-	4,933
Monroe	9,988	-	70,689
Redmond	7,197	-	21,783
Richfield	46,468	-	508,133
Salina	23,519	-	151,646
Sigurd	2,873	-	14,363
 Other Districts:			
Richfield Redevelopment Agency	-	-	182,583
Landfill	-	-	78,774
Drainage District #1	-	-	11,293
Drainage District #4	-	-	1,092
	<u>617,230</u>	<u>-</u>	<u>9,834,026</u>
Total Due Taxing Units	<u>617,230</u>	<u>-</u>	<u>9,834,026</u>
 GRAND TOTALS	 <u><u>674,427</u></u>	 <u><u>12,419,999</u></u>	 <u><u>-</u></u>

<u>Fee-in-Lieu Apportioned</u>	<u>Prior Years Taxes Apportioned</u>	<u>Motor Carrier and Interest</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2006</u>
-	-	-	-	-	-
(1,782,432)	-	-	-	-	-
-	(433,073)	-	-	-	-
-	-	(223,631)	-	-	-
-	-	-	67,752	65,408	2,344
-	-	-	136,282	55,055	81,227
<u>(1,782,432)</u>	<u>(433,073)</u>	<u>(223,631)</u>	<u>204,034</u>	<u>120,463</u>	<u>83,571</u>
459,815	134,134	84,671	3,289,359	3,289,359	-
20,213	5,771	3,102	143,618	143,618	-
43,626	8,898	5,380	305,096	305,096	-
1,004,991	236,768	112,804	7,556,962	7,058,992	497,970
9,044	-	-	33,078	28,416	4,662
5,728	680	361	27,765	24,746	3,019
14,136	1,691	834	60,073	54,092	5,981
10,492	2,027	636	47,813	41,889	5,924
3,473	272	190	14,960	12,457	2,503
1,673	262	87	7,930	6,184	1,746
1,696	233	118	8,007	6,823	1,184
21,735	2,922	1,386	106,720	96,521	10,199
13,750	1,815	454	44,999	38,443	6,556
109,293	22,879	10,180	696,953	651,500	45,453
59,559	14,137	3,133	251,994	211,670	40,324
3,208	584	295	21,323	18,765	2,558
-	-	-	182,583	182,583	-
-	-	-	78,774	78,774	-
-	-	-	11,293	11,293	-
-	-	-	1,092	1,092	-
<u>1,782,432</u>	<u>433,073</u>	<u>223,631</u>	<u>12,890,392</u>	<u>12,262,313</u>	<u>628,079</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,094,426</u>	<u>12,382,776</u>	<u>711,650</u>

(This page contains no information and
is used to assist in formatting for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sevier County as and for the year ended December 31, 2006, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sevier County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Sevier County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Sevier County's financial statements that is more than inconsequential will not be prevented or detected by Sevier County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sevier County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, County Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20 2007
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

Compliance

We have audited the compliance of Sevier County with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sevier County's management. Our responsibility is to express an opinion on Sevier County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier County's compliance with those requirements.

In our opinion, Sevier County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sevier County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, County Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2007
Richfield, Utah

**SEVIER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended December 31, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Sevier County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Sevier County were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sevier County expresses an unqualified opinion.
6. There were no reportable conditions relative to the major federal award programs for Sevier County.
7. The programs tested as major programs include: Department of Agriculture, Special Supplemental Nutrition Program for Women, Infants and Children - WIC, CFDA 10.557; and Election Assistance Commission, Help America Vote Act Requirement Payments CFDA 90.401.
8. The threshold for distinguishing between Type A and B programs is \$300,000 of federal awards expended.
9. Sevier County was a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Direct Assistance:			
Department of Agriculture:			
Schools and Roads - Grants to States	N/A	10.665	<u>40,614</u>
Total Department of Agriculture			<u>40,614</u>
Total Direct Assistance			<u>40,614</u>
Indirect Assistance:			
Department of Agriculture:			
Pass Thru State Department of Health:			
WIC Program - Administration	070891	10.557	65,832
WIC Program - Administration	060774	10.557	369,680
WIC Program - Food Instruments (Vouchers)	041062	10.557	<u>1,086,561</u>
Total Department of Agriculture			<u>1,522,073</u>
Department of Justice:			
Pass Thru Commission on Criminal and Juvenile Justice:			
Byrne Formula Grant	5A06	16.579	<u>45,231</u>
Total Department of Justice			<u>45,231</u>
Department of Transportation:			
Pass Thru Utah Department of Public Safety:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	DES-2005-LEPC	20.703	709

(Continued)

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Transportation (Continued):			
Pass Thru Six County Association of Governments:			
Railroad Research and Development	N/A	20.313	<u>65,000</u>
Total Department of Transportation			<u>65,709</u>
Department of Environmental Quality:			
Pass Thru State Department of Health:			
Capitalization Grants for Drinking Water - State Revolving Funds	050462	66.468	8,771
Performance Partnership Grants	050462	66.605	3,289
Superfund State - Specific Cooperative Agreements	071787	66.802	<u>3,668</u>
Total Department of Environmental Quality			<u>15,728</u>
Department of Education:			
Pass Thru State Department of Health:			
Special Education Grants for Infants and Families With Disabilities	062159	84.181	26,170
	052500	84.181	<u>44,480</u>
Total Department of Education			<u>70,650</u>
Election Assistance Commission:			
Pass Thru Utah State Lieutenant Governor's Office:			
Help America Vote Act Requirements Payments	AR1910	90.401	<u>167,750</u>
Total Election Assistance Commission			<u>167,750</u>

(Continued)

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Health and Human Services:			
Pass Thru Six County Association of Governments:			
SSBG - Title XX	N/A	93.667	5,908
Pass Thru State Department of Health:			
Public Health Social Services Emergency Fund	061643	93.003	13,647
Oral Health Dental Voucher	060516	93.110	900
TB Elimination Meds	061599	93.116	2,663
TB Elimination	052388	93.116	230
TB Elimination	061599	93.116	9
Childhood Immunization Grants	070186	93.268	52
Childhood Immunization Grants	070186	93.268	23,505
Childhood Immunization Grants	060516	93.268	23,755
Childhood Immunizations Grants - Vaccines	N/A	93.268	144,710
Cancer Control	062157	93.283	12,346
Cancer Control	060814	93.283	12,793
Comp Tobacco Program	062157	93.283	16,475
Comp Tobacco Program	060814	93.283	17,547
Tobacco Mini Grants	062157	93.283	6,000
Tobacco Mini Grants	060814	93.283	9,000
Bioterrorism	071213	93.283	90,344
Bioterrorism	061177	93.283	172,220
Pandemic Flu	071213	93.283	2,872
Pandemic Flu	061177	93.283	44,327
Consumer Education	070707	93.778	5,001
Consumer Education	060268	93.778	6,556
CHEC	070707	93.778	3,748
CHEC	060268	93.778	3,898
HIV Counseling	061599	93.940	1,000
Heart Disease and Stroke	062157	93.945	10,188
Heart Disease and Stroke	060814	93.945	25,340
STD Special Contract	061599	93.977	417
Cardiovascular Promo	062157	93.991	8,481
Cardiovascular Promo	060814	93.991	5,783
PBJ Injury Prevention	062157	93.991	3,066
PBJ Injury Prevention	060814	93.991	6,428
Home Visitation	070186	93.994	5,227
Home Visitation	060516	93.994	5,349

(Continued)

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Health and Human Services (Continued):			
Pass Thru State Department of Health (Continued):			
Community Injury Prevention (MCH)	062157	93.994	13,779
Community Injury Prevention (MCH)	060814	93.994	16,813
Injury Mini Grant	062157	93.994	1,117
Injury Mini Grant	060814	93.994	5,482
MCH	060516	93.994	14,530
MCH	060516	93.994	14,530
Community Based CSH	062159	93.994	12,955
Community Based CSH	052500	93.994	<u>17,434</u>
Total Department of Health and Human Services			<u>786,425</u>
Department of Homeland Security:			
Passed Through Utah Department of Public Safety:			
Emergency Management Performance Grant	EMPG-2006-DHLS-002	97.042	6,563
Homeland Security Grant Programs	05-LETP-PIU-001	97.067	33,068
	05-SHSP-PIU-001	97.067	2,400
	05-SHSP-REG3-001	97.067	3,021
	05-SHSP-SEV	97.067	18,662
	05-SHSP-SEV-001	97.067	27,553
	05-SHSP-SEV-002	97.067	3,373
	05-SHSP-SEV-005	97.067	2,672
	05-SHSP-SEV-007	97.067	5,362
	05-LETP-SEV-009	97.067	6,365
	06-SHSP-SEV-001	97.067	3,600
	06-SHSP-SEV-002	97.067	2,000
	06-SHSP-SEV-006	97.067	9,000
	06-SHSP-SEV-007	97.067	195
	06-SHSP-SEV-010	97.067	<u>2,400</u>
Total Department of Homeland Security			<u>126,234</u>
Total Indirect Assistance			<u>2,799,800</u>
Total Assistance			<u><u>2,840,414</u></u>

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Sevier County. The reporting entity, Sevier County, is defined in Note 1 to Sevier County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Sevier County's basic financial statements.

NOTE B - WIC VOUCHERS

Nonmonetary assistance is reported in the schedule for WIC vouchers at the retail value of the vouchers used by the clients for food purchased with the vouchers at retail grocery stores. The total amount used for food during 2006 was \$1,086,561.

NOTE C - CHILDHOOD IMMUNIZATION VACCINES

Nonmonetary assistance for vaccines in the Childhood Immunization Program is reported in the schedule based on the dollar values of vaccines shipped from the Utah Department of Health to Central Utah Public Health during 2006. The total dollar value of vaccines used during 2006 was \$144,710.

NOTE D - HELP AMERICA VOTE ACT - VOTING MACHINES

Sevier County received six computerized voting machines in 2006 from the State of Utah Lieutenant Governors Office as a federal pass through. These machines are valued at \$167,750. The machines were designed and built by Diebolt, Inc. and were provided to the State of Utah VIA a grant from the Federal Election Assistance Commission. This nonmonetary assistance is shown on the schedule based on the total value of the machines at date of receipt.

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sevier County for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2007. As part of our audit, we have audited Sevier County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
Performance Grant (Department of Health)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sevier County's financial statements.)

State Grant (Department of Community and Economic Development)
Bookmobile Grant (Department of Community and Economic Development)
Task Force Grant (Department of Public Safety)
Fire Grant (Department of Natural Resources)
Cardiovascular (Department of Health)
Heart Disease and Stroke (Department of Health)
Tobacco Compliance (Department of Health)
Tobacco Mini Grants (Department of Health)
PBJ Injury Prevention (Department of Health)
CHEC (Department of Health)
MCH (Department of Health)
Healthy Utah (Department of Health)
Health Dental Voucher (Department of Health)
Indoor Clean Air (Department of Health)
Summer Food (Department of Health)
Cancer Control (Department of Health)
Early Intervention (Department of Health)
Local Environmental Health (Department of Health)
Tobacco Prevention (Department of Health)
Ambulance Grant (Department of Health)
Family Planning (Department of Health)
TB Elimination (Department of Health)
Environmental Health (Department of Health)
Consumer Education (Department of Health)
Mosquito Grant (Department of Health)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Other General Issues
Cash Management	Uniform Building Code Standards
Purchasing Requirements	Statement of Taxes Charged
Budgetary Compliance	Collected & Disbursed
Truth in Taxation & Property Tax Limitations	Assessing and Collecting of
Liquor Law Enforcement	Property Taxes
Justice Court	Transient Room Tax
B & C Road Funds	


The management of Sevier County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The schedule of transient room, tourism, recreation, culture and convention facilities tax expenditures on page 93 is not a required part of the basic financial statements but is information required by the State of Utah. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information and test of expenditures. However, we did not audit the information and express no opinion on it.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Sevier County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2007
Richfield, Utah

SEVIER COUNTY
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND
CONVENTION FACILITIES TAX EXPENDITURES

For The Year Ended December 31, 2006

Transient Room Tax:

Establish and Promoting:

Recreation	-
Tourism	237,980
Film Production	-
Conventions	-

Acquiring, Leasing, Construction, Furnishing or Operating:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-

Acquiring or Leasing Land Required For or Related To:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-

Mitigation Costs:

Payment of Principal, Interest, Premiums and Reserves on Bonds	-
--	---

Total Expenditures	<u>237,980</u>
--------------------	----------------

Tourism, Recreation, Culture and Convention Facilities Taxes:

Financing Tourism Promotion	95,000
-----------------------------	--------

Development, Operation and Maintenance of:

Tourist Facilities	-
Recreation Facilities	-
Culture Facilities	-
Pledges as Security for Evidence of Indebtedness	-

Reserves and Pledges:

Reserves on Bonds Related to TRT Funds	-
Pledges as Security for Evidences of Indebtedness Related to TRCC	-

Total Expenditures	<u>95,000</u>
--------------------	---------------

**SEVIER COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Year Ended December 31, 2006

There were no prior audit findings.